

SHOPPING BASKET ANALYSIS FOR R.J. REYNOLDS TOBACCO COMPANY UNITED DAIRY FARMERS CONVENIENCE STORES

- **Objective** To understand the purchase dynamics of cigarette buyers who shop in convenience stores. Specifically, shoppers who purchased cigarettes during their shopping trip, will be compared with shoppers who did not purchase cigarettes during their shopping trip.
- **Methodology** Data were collected from 20 Point of Sale (POS) scanner equipped United Dairy Farmers (UDF) convenience stores. These stores were randomly selected from the approximately 41 UDF POS scanner equipped stores in greater Cincinnati. Each store electronically records all purchase records (to the UPC level) for each individual shopper. This shopper level data allows for the analysis of individual shopper transactions.
- **Location/Timing** UDF POS Scanner stores in the Cincinnati, OH metropolitan area.

January 1 to March 31, 1993

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● Analysis

For this study all individual UDF purchase records were examined across all stores in the sample. Approximately 3,475,000 transactions (individual shopping trips) occurred during this time period. In addition to examining all UDF shoppers, sub-groups were also analyzed.

- Cigarette Shopper - Any UDF shopper, who also purchased cigarettes during their shopping trip.
- Non-Cigarette Shopper - Any UDF shopper, who did not purchase cigarettes during their shopping trip.
- RJR Shopper - Any UDF shopper, who when purchasing cigarettes, specifically only purchased RJR brands during their shopping trip.
- Non-RJR Shopper - Any UDF shopper, who when purchasing cigarettes, specifically did not purchase any RJR brands during their shopping trip.
- Both RJR/Non-RJR - Any UDF shopper, who when purchasing cigarettes, purchased both an RJR brand and a Non-RJR brand, during their shopping trip.

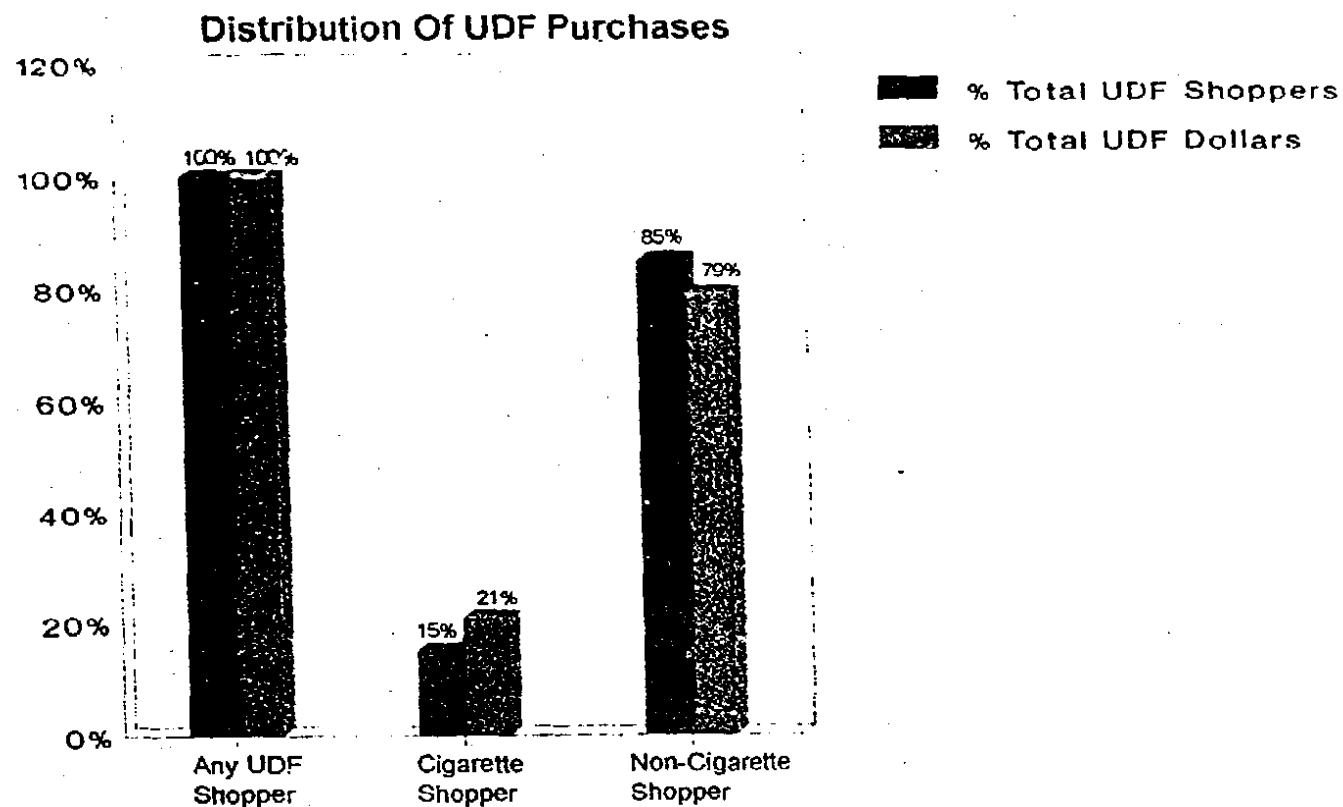
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CONCLUSIONS

- Cigarette shoppers account for over 20% of the total dollars spent at UDF stores
- Cigarette shoppers spend 45% more, per average shopping trip, than non-cigarette shoppers
- Cigarette sales account for over 60% of the total dollars spent by Cigarette shoppers.
- Reynolds cigarette buyers account for over 25% of the total dollars sales of cigarette shoppers.
- Reynolds shoppers spend about the same total dollars (\$4.30), on an average shopping trip at UDF, compared to other cigarette shoppers.
- Reynolds shoppers spend more on non-cigarette items in UDF stores, than other cigarette shoppers.

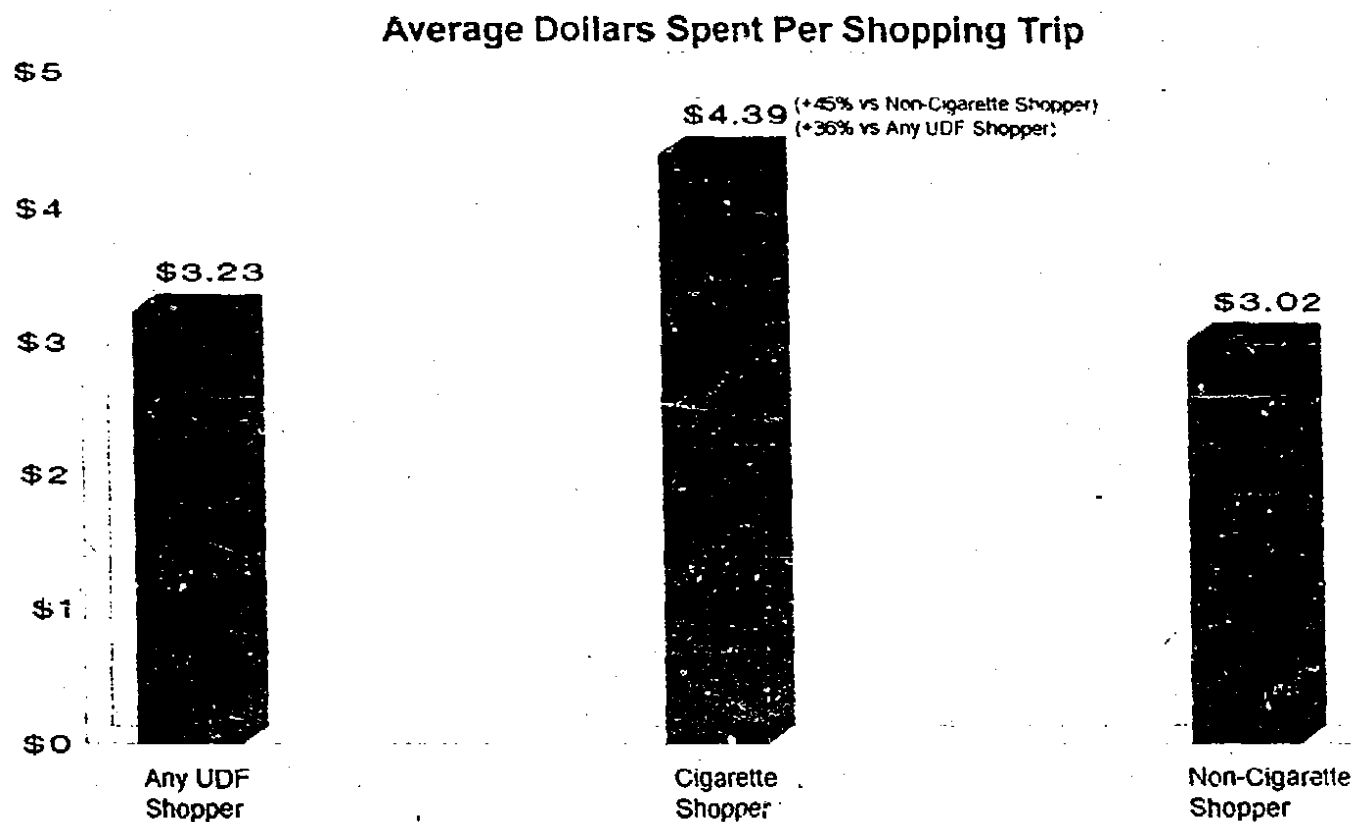
KEY FINDING - CIGARETTE VS NON CIGARETTE SHOPPERS

- Cigarette shoppers account for 15% of the total shoppers at UDF stores.
- Cigarettes shoppers account for 21% of the total dollars spent at UDF stores, slightly more than their fair share



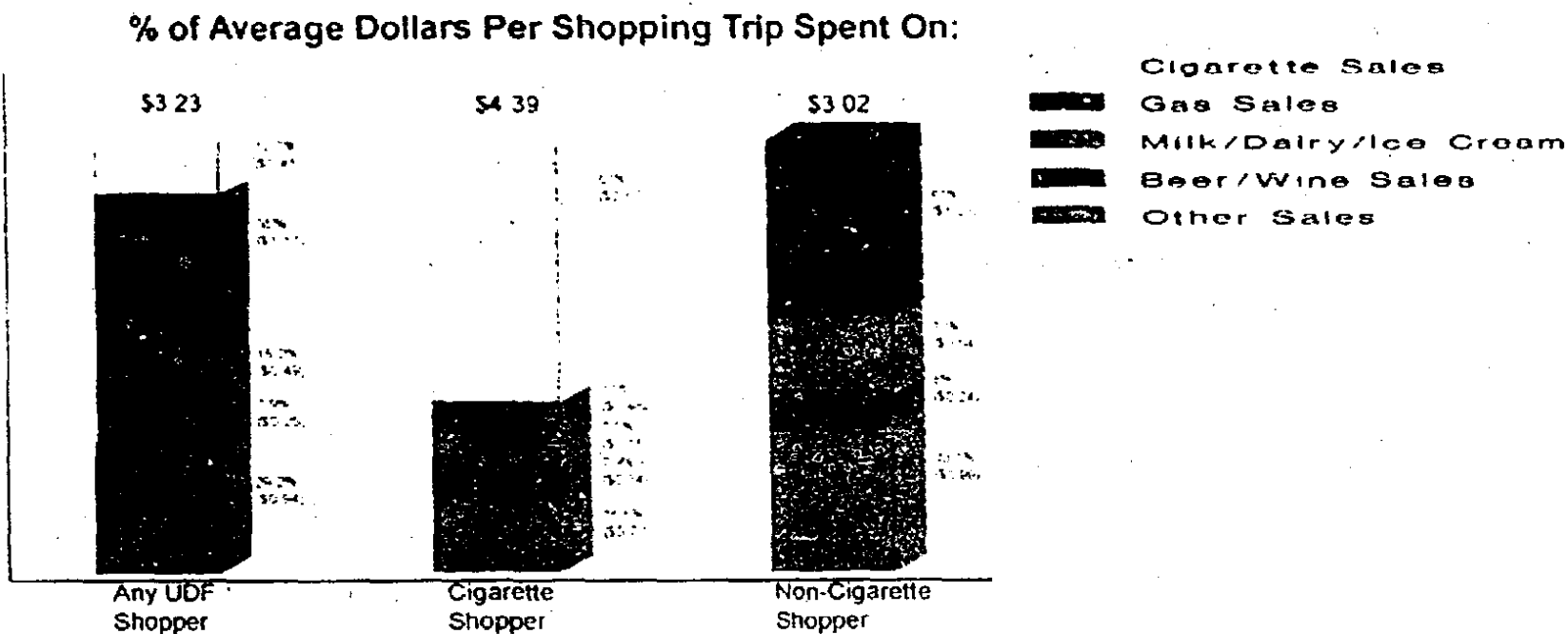
KEY FINDING - CIGARETTE VS NON CIGARETTE SHOPPERS (CONTINUED)

- Cigarette shoppers spend approximately \$4.39 per shopping trip at UDF stores. This is 45% more than non-cigarette shoppers in UDF stores



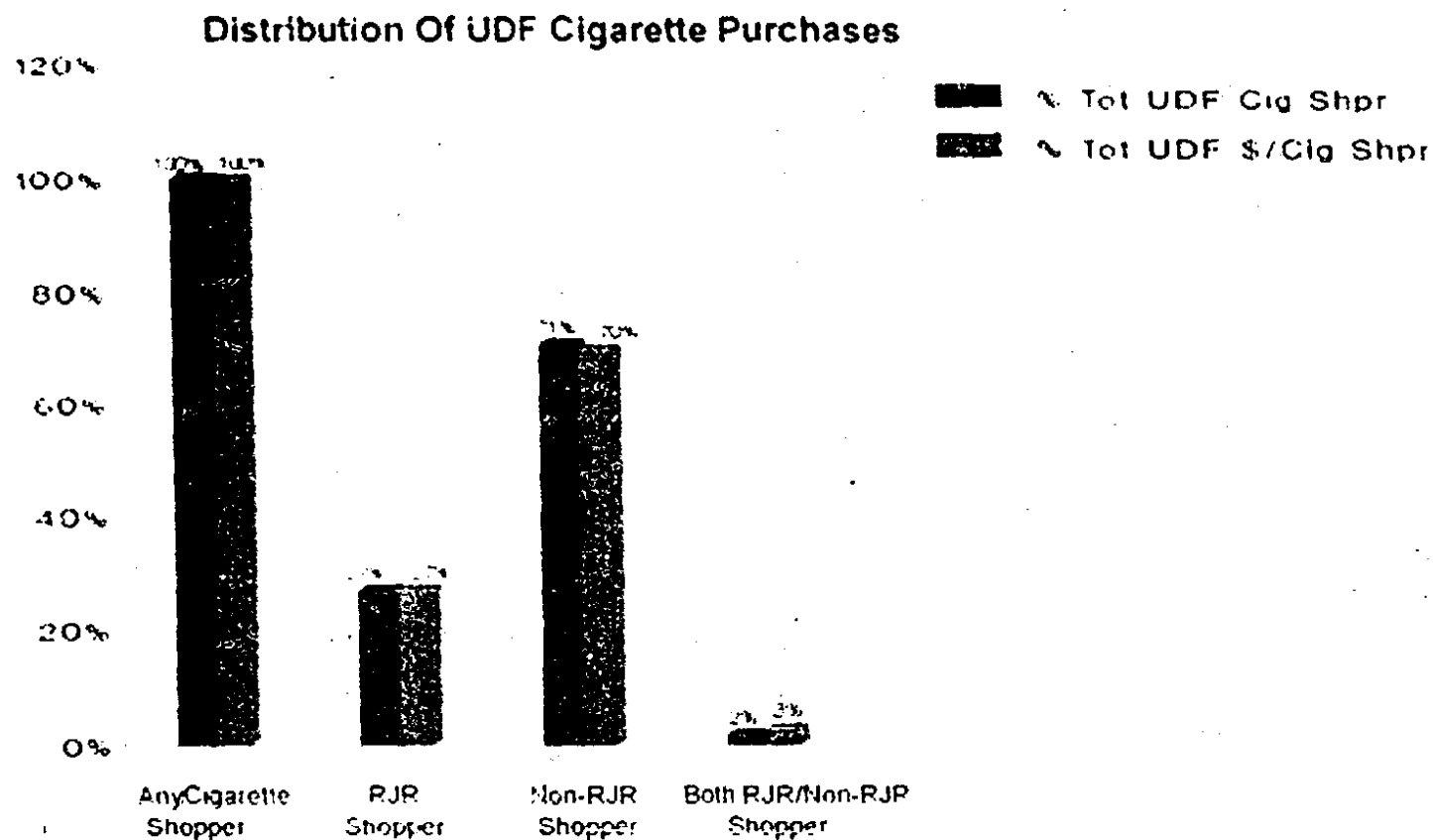
KEY FINDING - CIGARETTE VS NON CIGARETTE SHOPPERS (CONTINUED)

- When cigarettes are purchased, they account for 61% of the dollars spent, on an average cigarette shopping trip
- When cigarettes are purchased, these shoppers spend slightly less on gasoline, milk/dairy/ice-cream products, and slightly more on beer/wine, than non-cigarette shoppers and any UDF shoppers
- Over 2/3 of the dollars spent in UDF convenience stores on an average shopping trip, are made up of cigarettes, gasoline and milk/dairy/ice-cream sales.



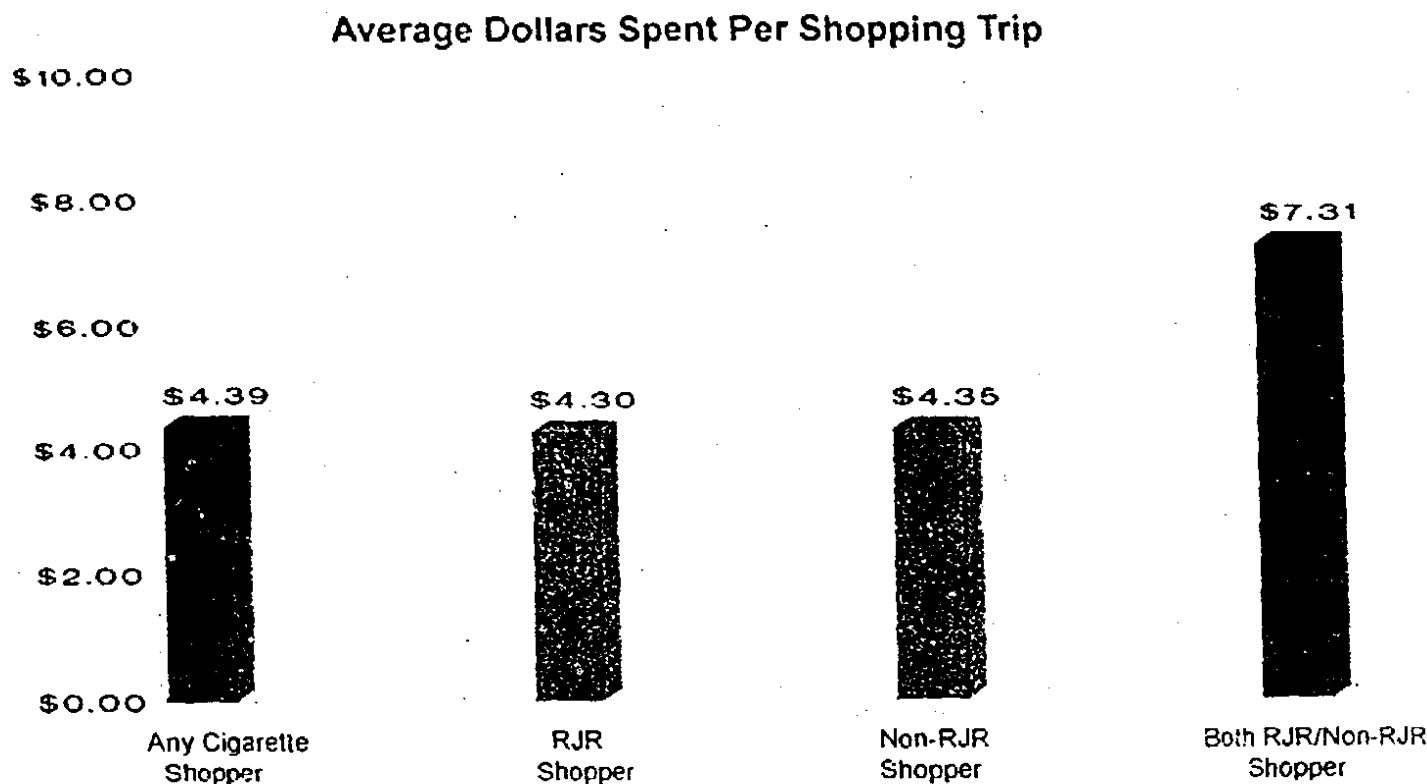
KEY FINDING - SPECIFIC TOBACCO BRANDS

- RJR shoppers make up 27% of the total UDF cigarette shoppers
- RJR shoppers also account for 27% of the total dollar sales in UDF stores, among cigarette shoppers



KEY FINDING - SPECIFIC TOBACCO BRANDS (CONTINUED)

- RJR shoppers spent about the same as non-RJR cigarette shoppers, and any cigarette shopper, during an average shopping trip at UDF
- Shoppers who buy both RJR and non-RJR brands spend over 2/3 more than other cigarette buying shoppers. However, this group represents only 2% of total UDF shoppers.



KEY FINDING - SPECIFIC TOBACCO BRANDS (CONTINUED)

- RJR shoppers spend more on non-cigarette items (61%) in UDF stores, than other cigarette shoppers.
- Shoppers who buy both RJR and non-RJR brands spend less than 1/3 of their dollars on other items.

Average Dollars Per Shopping Trip Spent On:

